

QUARTERLY REPORT

For Quarter ending 30 June 2013



HIGHLIGHTS

- **Desiree on Production** (35.6% WI) – The Hensarling #1 commenced production on 3 July 2013. The well commenced production at 330 bbls per day. Production rates have stabilised at around 260 bbls per day but a jet pump is planned to be installed to increase production back to 330-370 bbls per day.
- **West Klondike** (10.5% WI) – Electric Logs confirmed net pay of 46ft over three intervals. Production facilities are progressing at West Klondike, the well tested at flow rates above 2mmcf/d. Due to its location, the operator expects the facilities will not be completed until the end of 2013.
- **Dugas & Leblanc #3** (40% WI) is presently producing at 160 bopd, 399 mcfg per day and 210 bbls of water per day.
- **Dugas & Leblanc #1** - Commercial settlement reached with landowners and rig operator. Resulting in nominal financial impact on the Company.
- **Abita well, SL 19706 #1** (20/15% WI) – The workover rig for Abita has commenced perforation operations on Abita #18 sands. Operations are expected to continue for an additional week. The Company has a 20% working interest in the project.
- **Share Consolidation** - The Company completed its 5 for 1 consolidation of shares.

ASX Codes:	GGE
Share Price:	0.9c
Shares	748m
Mkt cap	\$6.7m

Mr Charles Morgan	Executive Chairman
Mr Mark Freeman	Managing Director
Mr Stephen Keenihan	Director
Mr Allan Boss	Executive Director

DRILLING & EXPLORATION PROGRAM

Program	Date	P50 Oil (net)	P50 Gas (net)
Louise	3 rd Qtr 13	130-176 MBO	-

PRODUCTION AND DEVELOPMENT PROGRAM

D&L#3	Prod.	90 MBO	.34 BCF
Abita	workover	30-60 MBO	.9 BCF
Desiree	Prod	339 MBO	0.18 BCF
W. Klondike	Developing	12-60 MBO	0.05-0.15 BCF
Total		471-549 MBO	1.5-1.6 BCF

Activity

- Production commenced on Desiree
- Abita currently undergoing workover to be completed in 1-2 weeks.
- West Klondike facilities awaiting regulatory approval.
- Quarterly production at 6,335 bbls oil and 23,990 mcfg.

Energy Prices

Brent	US\$107.32 (BBL)
Nymex	US\$3.47 (MMBTU)

Major Shareholders

Charles Morgan	20.25%
Craig Burton	19.8%



PRODUCTION AND DEVELOPMENT ASSETS

Total net share of gas and oil production for the quarter was:

	Sep Qtr	Dec Qtr	Mar Qtr	June Qtr
Oil (bbls)	10,960	7,775	6,254	6,335
Gas (mcf)	25,364	13,544	34,836	23,990
% Oil Equ.	94%	95%	82%	89%

Desiree Discovery

Desiree, Assumption Parish, Louisiana, Non Operator 35.6%

The Hensarling #1 well (Desiree Field) commenced production on 3 July 2013 from the Cris R III sands. During the first 17 hours of production, the well produced 240 bbls of oil, unassisted. The well has produced at peak rates of 330 bbls per day with production presently at 260 bbls per day. The operator will install a jet pump in the well bore to increase and stabilise production rates.

The well reached a TVD of 12,455ft in mid-December 2012. Electric logging operations confirmed net pay of 31ft in the Cris R II and 49ft in the Cris R III sands. Gross reserves are estimated to be 952,000 bbls oil and 0.4 BCFG in the Cris R II & III. The well is presently producing from the thicker Cris R III interval following which the overlying Cris R II will be completed for production.

The Desiree Field covers an area of 140 acres in Assumption Parish, Louisiana and is being operated by a private US oil and gas company. The operator is the same partner that is managing the Napoleonville Salt Dome project.

Partners in the Hensarling #1 well:

Grand Gulf Energy Ltd (ASX: GGE)	35.6% WI
Golden Gate Petroleum Ltd (ASX: GGP)	3.9% WI
Other Partners et al	60.5% WI

Dugas & Leblanc #3 "M" Sand

Napoleonville- Dugas & Leblanc #3 Well, Assumption Parish, Louisiana, Non Operator 40% WI

The D&L#3 "M" sand continues to produce at average flow rates of 160 BOPD, 407 MCFD and 287 BSWPD from a 14/64 inch choke.

Management continues to be pleased with production from the well and total cumulative oil production has been 150,000 bbls of oil and 407,000 mcf gas.



Dugas & Leblanc #1 Blowout

A commercial settlement has been reached between the landowners affected by the D&L #1 blowout and the JV partners. In addition, a commercial settlement between the JV partners and the operator of the rig has been reached. Both settlements were similar in value and have resulted in a negligible net impact to Grand Gulf but have removed a significant amount of exposure for the Company. The Company believes that the exposure of the remaining matters will be covered by its insurance. However, in the event this insurance coverage is insufficient the Company believes that its exposure will be no more than US\$1,000,000.

Abita Development Update

Abita, Plaquemines Parish, Louisiana, Non Operator 20%WI (15% after payout) 350-700 BBLS / 6 BCFG



The operator Clayton Williams is currently carrying out workover operations to perforate and recompleat the 18 and Lower 18 Sands (18 Sands). The operator anticipates operations to be finished with the next 10 days with sales of oil and gas to commence through existing facilities immediately thereafter.

The Company has a 20% working interest in the project. This interest reverts to 15% following recovery of project costs.

Remaining gross reserves in the project are estimated at 150,000-300,000 bbls oil and up to 4.5 BCF gas with the 18 Sands estimated to contain the remaining oil reserves.

The project presently has the potential from a development well to test for an additional lower sand of 400,000 – 600,000 bbls oil and field extension into northeast untested fault block.

West Klondike Discovery

Wilbert Sons LLC #1 well, West Klondike, Iberville Parish, Louisiana, Non Operator 10.5% WI

The well was successfully flow tested during the quarter at over 2 mmcf gas per day from the lower Nod Blan. The well has been suspended pending installation of facilities. Due to the well site location, it is anticipated dedicated production facilities and the export pipeline will take approximately 4 months to install and should be operational before the end of 2013

Electric logs of Wilbert Sons #1 indicate hydrocarbons in three reservoir horizons. A summary of the characteristics of each reservoir is provided below:

Depths	Sand	Net Pay	Hydrocarbons	Description	contingent resource estimates
10,330-10,350	Lario	4ft	Oil	18-20% porosity appears tight	100,000-520,000 bbls oil
10,518-10,524	U Nod Blan	6ft	Condensate/gas	Good porosity	3-10,000 bbls oil / 100-135 mmcf
10,616-10,661	L Nod Blan	35ft	Oil/gas	Good porosity	10-40,000 bbls oil / .35-1.3 BCF gas

Partners in the Wilbert Sons LLC #1 well:

Grand Gulf Energy Ltd (ASX: GGE)	10.5% WI
Tamaska Oil & Gas Limited (ASX: TMK)	10.2% WI
Other Partners et al	79.3% WI

EXPLORATION ASSETS

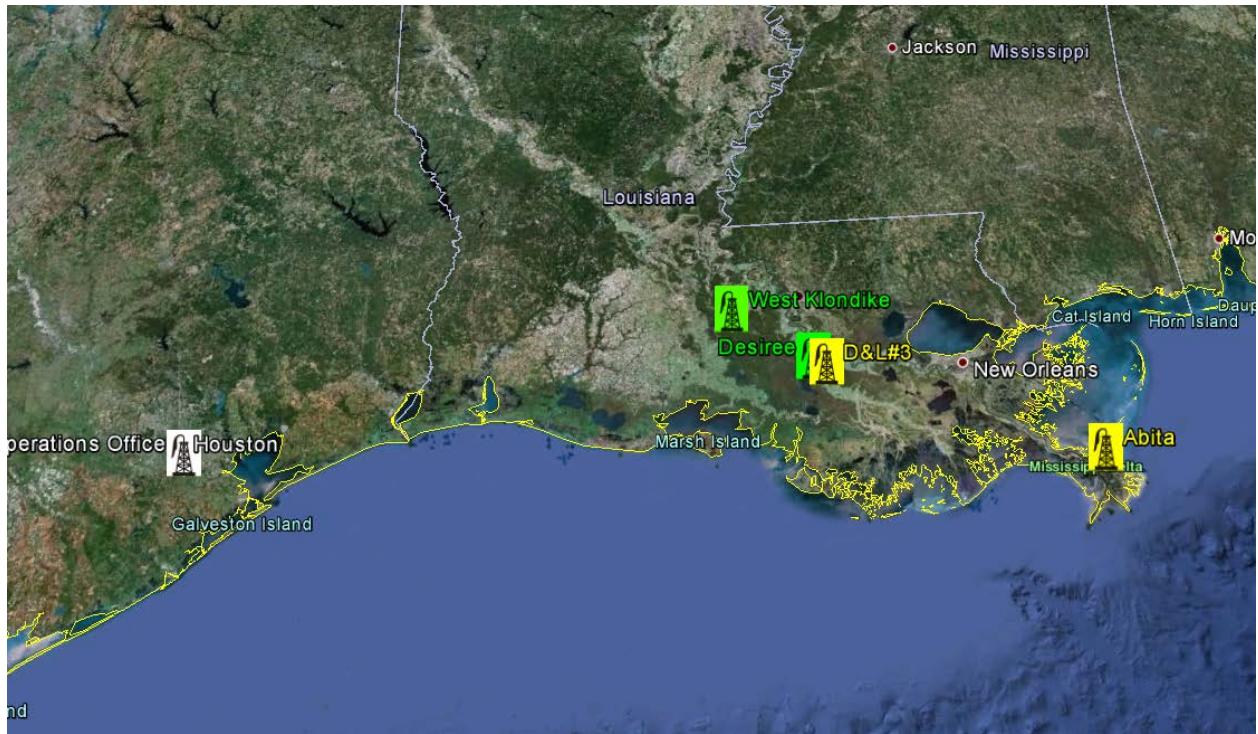
Louise

Louise, Assumption Parish, Louisiana, Non Operator 15.5-22%

This prospect was developed using proprietary 3D seismic data by the Company's in-house Geological and Geophysical team. The prospect follows the same style as Desiree and is located to the immediate south.

A well to test the Louise prospect is expected to penetrate an accumulation of oil in a 3D-defined, normally pressured, block updip from a productive well where an equivalent target interval has produced 2.2 MBL's oil and 10.5 BCF gas.

The Louise well is expected to be drilled in the September 2013 quarter and is targeting an estimated resource accumulation between 600,000 to 800,000 bbls of oil. This well is considered low risk both from drilling operations and geological and geophysical perspectives.



COMPETENT PERSONS STATEMENT: The information in this report has been reviewed and signed off by Mr KC Whittemore (Registered Geologist, Texas USA), and Kevin Kenning (Registered Reservoir Engineer) with over 37 and 31 years relevant experience respectively within oil and gas sector.

This report contains forward looking statements that are subject to risk factors associated with resources businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

GRAND GULF ENERGY LTD

ABN

22 073 653 175

Quarter ended ("current quarter")

30 June 2013

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'ooo	Year to date \$A'ooo
1.1	Receipts from product sales and related debtors	744	3,518
1.2	Payments for (a) exploration & evaluation	(194)	(3,445)
	(b) development	(568)	(1,440)
	(c) production	(262)	(707)
	(d) administration	(131)	(552)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	3
1.5	Interest and other costs of finance paid	-	-
1.6	Insurance pre-payment (refundable)	-	-
1.7	Other (escrow of revenue)	-	(137)
Net Operating Cash Flows		(411)	(2,760)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	(93)
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects		
	(b) equity investments	-	-
	(c) other fixed assets		-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		-	(93)
1.13	Total operating and investing cash flows (carried forward)	(411)	(2,853)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(411)	(2,853)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Costs of Capital	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(411)	(2,853)
1.20	Cash at beginning of quarter/year to date	1,297	3,816
1.21	Exchange rate adjustments to item 1.20	110	33
1.22	Cash at end of quarter	996	996

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'ooo
1.23	Aggregate amount of payments to the parties included in item 1.2	135
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments include consulting and directors fees, fully serviced office and provision of an Accountant & Legal Secretary.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	250
4.3 Production*	180
4.4 Administration	90
Total	570

* Production costs are primarily a % of revenue and reflect royalties and state taxes. Operating costs for the quarter make up 3% of production costs.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	996	1,297
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	996	1,297

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly report

6.2	Interests in mining tenements acquired or increased				
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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	*Ordinary securities	747,998,870	747,998,870		Fully paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	*Convertible debt securities (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options Unlisted Options	200,000 8,000,000 15,000,000 18,000,000		Exercise price \$0.25 \$0.045 \$0.045 \$0.03	Expiry date 24 Nov 2013 15 Mar 2014 6 May 2014 30 Nov 2013
	Listed Options				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter	1,469,358,452	1,469,358,452	\$0.015	30 June 2013
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				
7.13	Partly paid shares				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 31/07/2013
(Director/Company secretary)

Print name: Mark Freeman

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

+ See chapter 19 for defined terms.

- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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